

OPEN MEETING ITEM

8/12/10

COMMISSIONERS
KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

ORIGINAL



SECURITIES DIVISION
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Phoenix, AZ 85007
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ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Kristin K. Mayes, Chairman
Gary Pierce
Paul Newman
Sandra D. Kennedy
Bob Stump

FROM: Matthew J. Neubert
Director of Securities

DATE: July 26, 2010

RE: Docket No. S-20739A-10-0150; Global Trading Partners, LLC and Michael Eugene Gowens.

CC: Ernest G. Johnson, Executive Director

DOCKETED

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On April 20, 2010, the Securities Division filed a Temporary Order to Cease and Desist and Notice of Opportunity for Hearing ("TC&D") against Global Trading Partners, LLC and Michael Eugene Gowens. On May 10, 2010, Respondents requested a hearing. On May 28, 2010, the Respondents filed an Answer. The Respondents signed the attached Order to Cease and Desist, Order for Administrative Penalties and Consent to Same ("Proposed Consent") on July 21, 2010.

The Respondents sought investors via Phoenix Craigslist. According to the Respondents, they were involved in international business involving commodities. Respondents sought short-term investors to provide funding to the company until it received payments on several contracts. A Securities Division investigator responded to the advertisement and received detailed information related to the investment offered by the Respondents. To date, the Respondents have not received any funds from investors.

The Proposed Consent requires the Respondents to cease and desist from violating the Arizona Securities Act. In addition, the Proposed Consent orders Respondents to pay an administrative penalty in the amount of \$5,000.

The Securities Division believes this Consent is in the best interest of the public.

Originator: Wendy Coy

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 KRISTIN K. MAYES, Chairman
4 GARY PIERCE
5 PAUL NEWMAN
6 SANDRA D. KENNEDY
7 BOB STUMP

8 In the matter of

DOCKET NO. S-20739A-10-0150

9 GLOBAL TRADING PARTNERS, LLC, an
10 Arizona limited liability company,

DECISION NO. _____

11 MICHAEL EUGENE GOWENS and JANE
12 DOE GOWENS, husband and wife,

13 Respondents.

**ORDER TO CEASE AND DESIST, ORDER
FOR ADMINISTRATIVE PENALTIES AND
CONSENT TO SAME**

**BY: RESPONDENT GLOBAL TRADING
PARTNERS, LLC AND RESPONDENT
MICHAEL EUGENE GOWENS**

14 Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
15 GOWENS ("Respondents") elect to permanently waive any right to a hearing and appeal under
16 Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act")
17 with respect to this Order To Cease And Desist, Order For Administrative Penalties and Consent
18 To Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission
19 ("Commission"); admit only for purposes of this proceeding and any other proceeding in which the
20 Commission is a party the Findings of Fact and Conclusions of Law contained in this Order; and
21 consent to the entry of this Order by the Commission.

22 **I.**

23 **FINDINGS OF FACT**

24 1. GLOBAL TRADING PARTNERS, LLC ("GLOBAL TRADING") is an Arizona
25 limited liability company located in Mesa, Arizona. The management of GLOBAL TRADING is
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1 "vested in the manager." The current manager and only member of GLOBAL TRADING is
2 MICHAEL EUGENE GOWENS.

3 2. MICHAEL EUGENE GOWENS ("GOWENS"), an unmarried man, resides in
4 Gilbert, Arizona.

5 3. GLOBAL TRADING and GOWENS may be referred to collectively as
6 "Respondents."

7 4. On or about April 14, 2010, GLOBAL TRADING and GOWENS caused to be
8 placed an advertisement on Phoenix Craigslist seeking investors. The advertisement stated as
9 follows:

10 Seasoned company ready to launch phase two. We have been test
11 marketing our services world wide for the past 24 months. During
12 this time we have developed a solid reputation built on trust,
13 integrity and ethical business practices. We have also developed
14 over 1000 clients and Joint Venture partners world wide. We have
also established ourselves as a competent supplier and
management company. We have spent over 1/2 million dollars and
thousands of man hours to get to this point.

15 We are looking for a few investors (equity or non equity) to help
16 us take it to the next level. We are looking for short term investors
17 (8 to 12 months) who would like to help us take the company to
18 the next level. This is not a blue sky offer by any means. We have
developed a working business model based on our research and
development. We have taken a very conservative, realistic and
cautious approach with our business model. Our cash flow
projections month 1 through month 12 are based on real contracts.
We have done everything in our power to minimize risk.

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21 5. An Arizona resident responded to the advertisement on Phoenix Craigslist and
22 contacted GLOBAL TRADING and GOWENS via email seeking further information. In response,
23 GOWENS stated the company is "involved in international business" involving commodities and
24 that he needed "a cash infusion just to tide [him] over until these contracts start to cash flow."
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1 6. In a subsequent email to the same offeree, GOWENS stated that he was located in
2 Arizona and sought less than \$75,000 over the next 90 days. GOWENS provided an Arizona
3 telephone number.

4 7. During a telephone conversation with GOWENS regarding the Craigslist
5 advertisement, an offeree requested information regarding the investment. GOWENS stated that
6 he sought an investment up to \$100,000 or any amount an investor would be comfortable investing.
7 GOWENS stated that an investor could name the terms of the investment including the rate of
8 return and the timeframe of the investment.

9 8. GOWENS offered to issue the offeree "stock" in GLOBAL TRADING or a note in
10 exchange for the offeree providing funding.

11 9. According to the website address GOWENS provided to the offeree, "Global
12 Trading Partners, Inc." is an Arizona corporation. However, there is no corporation in Arizona by
13 the name of "Global Trading Partners, Inc."

14 10. GOWENS stated that the funds would be used to "retire some of the company
15 debt."

16 11. On February 23, 2010, GOWENS filed for protection under Chapter 13 of the U. S.
17 Bankruptcy Code.¹ GOWENS disclosed in his bankruptcy schedules that he is unemployed with no
18 annual income. Respondents did not provide this information to the offeree.

19 12. In another email to the offeree, GOWENS stated that he expected the company to
20 begin receiving cash in the next "90 to 120 days." However, there was no disclosure of the
21 expected cash flow in the schedules filed by GOWENS in his bankruptcy.

22 13. On March 12, 2010, GOWENS was sentenced to two years of community
23 supervision for theft of over \$10,000 and is currently on supervised probation. Respondents did not
24 provide this information to the offeree.

25 _____
26 ¹ The February 23, 2010 bankruptcy matter (2:10-bk-04516-GBN) was dismissed on April 27, 2010 due to failure to
pay the required fees. On May 3, 2010, Gowens filed another Chapter 13 Bankruptcy (2:10-bk-13342-CGC) that is
currently pending.

14. Neither GLOBAL TRADING nor GOWENS are registered as a securities dealer and/or salesman.

II.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. Respondents offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while neither registered as dealers or salesmen nor exempt from registration.

5. Respondents violated A.R.S. § 44-1991 by (a) employing a device, scheme, or artifice to defraud, (b) making untrue statements or misleading omissions of material facts, or (c) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit. Specifically, Respondents failed to disclose to offerees that, on February 23, 2010, GOWENS filed for protection under Chapter 13 of the U.S. Bankruptcy Code.

6. GOWENS directly or indirectly controlled persons or entities within the meaning of A.R.S. § 44-1999, including but not limited to GLOBAL TRADING. Therefore, GOWENS is jointly and severally liable under A.R.S. § 44-1999 to the same extent as GLOBAL TRADING for any violations of A.R.S. § 44-1991.

7. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

8. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

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III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, and any of Respondents' agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE GOWENS shall, jointly and severally pay an administrative penalty in the amount of \$5,000. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by law.

For purposes of this Order, a bankruptcy filing² by any of the Respondents shall be an act of default. If any Respondent does not comply with this Order, any outstanding balance may be deemed in default and shall be immediately due and payable.

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² The Division acknowledges that Michael Eugene Gowens has filed a Chapter 13 bankruptcy petition in Arizona, case# 10-13342 on or about May 3, 2010. Any subsequent bankruptcy petitions filed by Respondent Gowens following a discharge or dismissal of these pending proceedings shall be viewed as a default.

1 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the
2 Commission may bring further legal proceedings against that Respondent, including application to
3 the superior court for an order of contempt.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION
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8 CHAIRMAN

COMMISSIONER

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10 COMMISSIONER

COMMISSIONER

COMMISSIONER

11
12 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
13 Executive Director of the Arizona Corporation Commission,
14 have hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of
16 Phoenix, this _____ day of _____, 2010.

17 _____
18 ERNEST G. JOHNSON
19 EXECUTIVE DIRECTOR

20 _____
21 DISSENT

22 _____
23 DISSENT

24 This document is available in alternative formats by contacting Shaylin A. Bernal, ADA
25 Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov.
26 (wlc)

CONSENT TO ENTRY OF ORDER

1
2 1. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
3 GOWENS, admit the jurisdiction of the Commission over the subject matter of this proceeding.
4 Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE GOWENS
5 acknowledge that Respondents have been fully advised of Respondents' right to a hearing to
6 present evidence and call witnesses and they knowingly and voluntarily waive any and all rights to
7 a hearing before the Commission and all other rights otherwise available under Article 11 of the
8 Securities Act and Title 14 of the Arizona Administrative Code. Respondents GLOBAL
9 TRADING PARTNERS, LLC and MICHAEL EUGENE GOWENS acknowledge that this Order
10 To Cease and Desist, Order For Administrative Penalties and Consent To Same ("Order")
11 constitutes a valid final order of the Commission.

12 2. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
13 GOWENS knowingly and voluntarily waive any right under Article 12 of the Securities Act to
14 judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry
15 of this Order.

16 3. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
17 GOWENS acknowledge and agree that this Order is entered into freely and voluntarily and that no
18 promise was made or coercion used to induce such entry.

19 4. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
20 GOWENS acknowledge that they have been represented by an attorney in this matter, Respondents
21 have reviewed this Order with their attorney, Kent M. Nicholas, Esq., and understand all terms it
22 contains.

23 5. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
24 GOWENS admit only for purposes of this proceeding and any other proceeding in which the
25 Commission is a party the Findings of Fact and Conclusions of Law contained in this Order.
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1 6. By consenting to the entry of this Order, Respondents GLOBAL TRADING
2 PARTNERS, LLC and MICHAEL EUGENE GOWENS agree not to take any action or to make, or
3 permit to be made, any public statement denying, directly or indirectly, any Finding of Fact or
4 Conclusion of Law in this Order or creating the impression that this Order is without factual basis.
5 Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE GOWENS will
6 undertake steps necessary to assure that all of their agents and employees understand and comply
7 with this agreement.

8 7. While this Order settles this administrative matter between Respondents GLOBAL
9 TRADING PARTNERS, LLC and MICHAEL EUGENE GOWENS and the Commission, they
10 understand that this Order does not preclude the Commission from instituting other administrative
11 or civil proceedings based on violations that are not addressed by this Order.

12 8. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
13 GOWENS understand that this Order does not preclude the Commission from referring this matter
14 to any governmental agency for administrative, civil, or criminal proceedings that may be related to
15 the matters addressed by this Order.

16 9. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
17 GOWENS understand that this Order does not preclude any other agency or officer of the state of
18 Arizona or its subdivisions from instituting administrative, civil, or criminal proceedings that may
19 be related to matters addressed by this Order.

20 10. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
21 GOWENS agree that they will not apply to the state of Arizona for registration as a securities
22 dealer or salesman or for licensure as an investment adviser or investment adviser representative
23 until such time as all penalties under this Order are paid in full.

24 11. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
25 GOWENS agree that they will not exercise any control over any entity that offers or sells securities
26

1 or provides investment advisory services within or from Arizona until such time as all penalties
2 under this Order are paid in full.

3 12. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
4 GOWENS agree that they will not sell any securities in or from Arizona without being properly
5 registered in Arizona as a dealer or salesman, or exempt from such registration; Respondents will
6 not sell any securities in or from Arizona unless the securities are registered in Arizona or exempt
7 from registration; and Respondents will not transact business in Arizona as an investment adviser
8 or an investment adviser representative unless properly licensed in Arizona or exempt from
9 licensure.

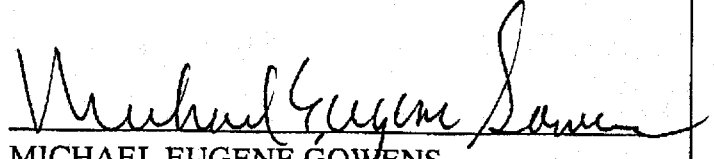
10 13. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
11 GOWENS consent to the entry of this Order and agree to be fully bound by its terms and
12 conditions.

13 14. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
14 GOWENS acknowledge and understand that if they fail to comply with the provisions of the order
15 and this consent, the Commission may bring further legal proceedings against them, including
16 application to the superior court for an order of contempt.

17 15. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
18 GOWENS understand that default shall render Respondent liable to the Commission for its costs of
19 collection and interest at the maximum legal rate.


20 16. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
21 GOWENS agree and understand that if they fail to make any payment as required in the Order, any
22 outstanding balance shall be in default and shall be immediately due and payable without notice or
23 demand. Respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
24 GOWENS agree and understand that acceptance of any partial or late payment by the Commission
25 is not a waiver of default by the Commission.
26

17. Respondent MICHAEL EUGENE GOWENS represents that he is manager of Respondent GLOBAL TRADING PARTNERS, LLC and has been authorized by GLOBAL TRADING PARTNERS, LLC to enter into this Order for and on behalf of it.

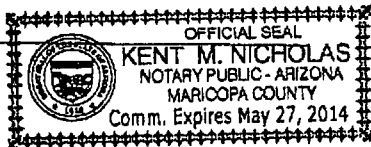

MICHAEL EUGENE GOWENS

STATE OF ARIZONA)
County of Maricopa) ss


SUBSCRIBED AND SWORN TO BEFORE me this 21st day of July, 2010.


NOTARY PUBLIC

My commission expires:

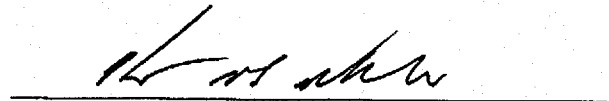


GLOBAL TRADING PARTNERS, LLC


By MICHAEL EUGENE GOWENS
Its Manager

STATE OF ARIZONA)
County of Maricopa) ss

SUBSCRIBED AND SWORN TO BEFORE me this 21st day of July, 2010.


NOTARY PUBLIC

My commission expires:



SERVICE LIST FOR: GLOBAL TRADING PARTNERS, LLC and MICHAEL EUGENE
GOWENS

Kent M. Nicholas, Esq.
40 North Center, Suite 202
Mesa, AZ 85201
Attorney for Respondents Global Trading Partners, LLC
and Michael Eugene Gowens